

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

COHOCTAH TOWNSHIP

ANNUAL FINANCIAL  
REPORT

FOR THE YEAR ENDED MARCH 31, 2007

## **COHOCTAH TOWNSHIP**

### **TOWNSHIP OFFICIALS**

Supervisor - Mark Fosdick  
Treasurer - Tami Bock  
Clerk - Karen Thurner

### **TOWNSHIP BOARD OF TRUSTEES**

Tami Bock  
Mark Fosdick  
Ronald Smith  
Karen Thurner  
William Thurner

### **TOWNSHIP ATTORNEYS**

Miller, Kehoe & Associates

### **TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

## TABLE OF CONTENTS

### PAGE NUMBER

#### INDEPENDENT AUDITORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS	6
------------------------------------	---

#### BASIC FINANCIAL STATEMENTS

##### GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets	12
Statement of Activities	13

##### FUND FINANCIAL STATEMENTS

Balance Sheet - Governmental Fund	15
Reconciliation of Statement of Net Assets of Governmental Fund to the Balance Sheet	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities	18
Statement of Assets and Liabilities - Fiduciary Funds	19

NOTES TO FINANCIAL STATEMENTS	21
-------------------------------	----

#### REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	29
---	----

#### SUPPLEMENTARY INFORMATION

Combining Balance Sheet - All Agency Funds	31
--	----

#### GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	32
Statement of Revenues - Budget and Actual	33
Statement of Expenditures - Budget and Actual	34

August 13, 2007

Board of Trustees  
Cohoctah Township  
P.O. Box 278  
Cohoctah, Michigan 48816

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Cohoctah Township, as of and for the year ended March 31, 2007, which collectively comprise of Cohoctah Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cohoctah Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cohoctah Township, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 6 through 9 and 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cohoctah Township's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

MANAGEMENT DISCUSSION  
AND  
ANALYSIS

Within this section of Cohoctah Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

### Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

*Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

### **Notes to the financial statements**

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

### Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$ 1,449,410. This is an increase of \$145,573 over last year's net assets of \$ 1,303,837.

The following tables provide a summary of the Township's financial activities and changes in net assets:

### **Summary of Net Assets**

	Governmental Activities	
	3/31/2007	3/31/2006
Current and other assets	\$ 918,259	\$ 803,276
Capital assets	705,825	708,948
Total assets	<u>1,624,084</u>	<u>1,512,224</u>
Accounts payable	16,364	17,478
Notes/land contract payables	158,310	190,909
Total liabilities	<u>174,674</u>	<u>208,387</u>
Net assets:		
Invested in capital assets, net of related debt	547,515	518,039
Unrestricted	901,895	785,798
Total net assets	<u>\$ 1,449,410</u>	<u>\$ 1,303,837</u>



### Summary of Changes in Net Assets

	Governmental Activities	
	3/31/2007	3/31/2006
Revenues:		
Program revenues		
Charges for services	\$ 180,633	\$ 189,010
Operating grant	1,700	7,153
General revenues		
State shared revenues	230,890	233,363
Property taxes	261,196	257,265
Interest income	7,818	4,206
Rental income	12,000	12,000
Fire Authority dissolution		66,156
Other income	10,893	6,645
Total revenues	<u>705,130</u>	<u>775,798</u>
Expenses		
General government	202,364	184,250
Fire protection	11,193	2,723
Community development	12,651	19,477
Refuse	120,099	124,043
Cemetery	12,489	15,403
Public works	191,551	201,612
Interest on long-term debt	9,210	2,283
Total expenses	<u>559,557</u>	<u>549,791</u>
Changes in net assets	145,573	226,007
Beginning net assets	<u>1,303,837</u>	<u>1,077,830</u>
Ending net assets	<u>\$ 1,449,410</u>	<u>\$ 1,303,837</u>

In the fiscal year ending March 31, 2007, the Township added \$116,097 to its Governmental Fund fund balance, compared to \$68,513 added in the prior fiscal year. Current fiscal year expenditures decreased by an even greater amount, however, because in the prior year, the Township incurred a large expense for land it purchased for use as the site of a new Township Hall.

#### Financial Analysis of the Township's Funds

Cohoctah Township uses only one Governmental fund, the General Fund, for reporting all financial activity conducted by the Township.

#### General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and the Township board made immaterial amendments during the year to bring it closer to economic reality. In no functional area did expenditures exceed final approved appropriations.

#### Capital Asset and Debt Administration

The Township paid \$3,335 of principal to repay a land contract held for the purpose of acquiring land for the Township's fire hall. This loan calls for monthly payments of \$449.41 and matures in July 2013.

In the prior year, the Township purchased land at \$317,507 for the future site of the Township Hall a future second fire station, and park land. An installment purchase agreement of \$160,000 was issued to finance a portion of this land, and at the fiscal year end, \$130,736 principal remains to be paid on that purchase agreement.

#### Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. State shared revenues represent a significant portion of the governmental fund revenues and its volatile nature makes it difficult to estimate the impact on the Township's budget.

#### Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and to comply with finance-related regulations. If you have any further questions about this report or require additional information, please contact Cohoctah Township at P.O. Box 278, Cohoctah, Michigan, 48816.

BASIC  
FINANCIAL  
STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL  
STATEMENTS

COHOCTAH TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
ASSETS	
Cash and cash equivalents	\$ 806,974
Receivables	
Taxes	29,658
State shared revenues	37,908
Accounts	5,866
Intergovernmental	273
Fowlerville Area Fire Authority	37,580
Capital assets - net of depreciation	<u>705,825</u>
Total assets	<u>1,624,084</u>
<u>LIABILITIES</u>	
LIABILITIES	
Accounts payable	16,364
Note payable	
Current portion	30,572
Non-current portion	100,164
Land contract payable	
Current portion	3,576
Non-current portion	<u>23,998</u>
Total liabilities	<u>174,674</u>
<u>NET ASSETS</u>	
NET ASSETS	
Invested in capital assets, net of related debt	547,515
Unrestricted	<u>901,895</u>
Total net assets	<u><u>\$ 1,449,410</u></u>

The accompanying notes are an integral part of these financial statements.

COHOCTAH TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007

Functions/Programs	Expenses	Program Revenues		Total
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ (202,364)	\$ 58,660	\$	(143,704)
Fire protection	(11,193)	165		(11,028)
Community development	(12,651)			(12,651)
Refuse	(120,099)	110,685	1,700	(7,714)
Cemetery	(12,489)	11,123		(1,366)
Public works	(191,551)			(191,551)
Interest/fees on long-term debt	(9,210)			(9,210)
Total governmental activities	<u>\$ (559,557)</u>	<u>\$ 180,633</u>	<u>\$ 1,700</u>	<u>(377,224)</u>
General Revenues:				
Property taxes				261,196
State shared revenues				230,890
Unrestricted investment earnings				7,818
Rental income				12,000
Other income				<u>10,893</u>
Total general revenues				<u>522,797</u>
Changes in net assets				145,573
Net assets, April 1, 2006				<u>1,303,837</u>
Net assets, March 31, 2007				<u>\$ 1,449,410</u>

The accompanying notes are an integral part of these financial statements.

FUND  
FINANCIAL  
STATEMENTS

COHOCTAH TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUND  
MARCH 31, 2007

	<u>General Fund</u>
<u>ASSETS</u>	
ASSETS	
Cash and investments	\$ 806,974
Accounts receivable	3,076
Taxes receivable	29,658
State shared revenue receivable	37,908
Due from Fowlerville Fire	37,580
Due from other funds	273
Due from others	<u>2,790</u>
Total assets	<u><u>\$ 918,259</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES	
Accounts payable	\$ 15,291
Due to others	<u>1,073</u>
Total liabilities	16,364
FUND BALANCE - UNRESERVED	<u>901,895</u>
Total liabilities and fund balance	<u><u>\$ 918,259</u></u>

The accompanying notes are an integral part of these financial statements.



COHOCTAH TOWNSHIP  
 RECONCILIATION OF STATEMENT OF NET ASSETS  
 OF THE GOVERNMENTAL FUND TO THE BALANCE SHEET  
 MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 901,895
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical costs	\$ 739,643	
Depreciation	<u>(33,818)</u>	
Capital assets, net of depreciation		705,825
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Note payable	(130,736)	
Land contract payable	<u>(27,574)</u>	
		<u>(158,310)</u>
Net assets of governmental activities		<u><u>\$ 1,449,410</u></u>

The accompanying notes are an integral part of these financial statements.

COHOCTAH TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED MARCH 31, 2007

	General Fund
REVENUES	
Taxes - operating	\$ 98,371
Taxes - road	162,825
Licenses and permits	19,593
State shared revenues	230,890
Charges for services	161,040
Interest	7,818
Miscellaneous	24,593
	<hr/>
Total revenues	705,130
	<hr/>
EXPENDITURES	
Township board	48,970
Supervisor	16,000
Election	5,607
Attorney	11,172
Assessor	30,071
Clerk	19,130
Board of review	1,105
Treasurer	24,216
Cemetery	12,489
Buildings and grounds	53,553
Public safety	13,863
Roads	182,411
Planning and zoning	15,968
Drains at large	4,685
Streetlights	4,455
Trash pick up	120,099
Recreation	12,082
Library	569
Insurance and bonds	11,410
Unallocated	1,178
	<hr/>
Total expenditures	589,033
	<hr/>
Net change in fund balance	116,097
	<hr/>
FUND BALANCE, APRIL 1, 2006	785,798
	<hr/>
FUND BALANCE, MARCH 31, 2007	\$ 901,895
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

COHOCTAH TOWNSHIP  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
 IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Net change in fund balance - governmental fund		\$ 116,097
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. Depreciation expense		(3,123)
Repayment of land contract payable is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Repayment of:		
Land contract payable	3,335	
Note payable - installment sale	<u>29,264</u>	
		<u>32,599</u>
Change in net assets of governmental activities		<u><u>\$ 145,573</u></u>

The accompanying notes are an integral part of these financial statements.

COHOCTAH TOWNSHIP  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
MARCH 31, 2007

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	<u>\$ 1,399</u>	<u>\$ 6,897</u>	<u>\$ 8,296</u>
 <u>LIABILITIES</u>			
Liabilities			
Due to others	\$ 1,172	\$ 6,851	\$ 8,023
Due to other funds	<u>227</u>	<u>46</u>	<u>273</u>
Total liabilities	<u>\$ 1,399</u>	<u>\$ 6,897</u>	<u>\$ 8,296</u>

NOTES  
TO  
FINANCIAL  
STATEMENTS

COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cohoctah Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental fund:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township's original budget was adopted prior to April 1, 2006. A budget was adopted for the general fund. Amendments made during the fiscal year are reflected in the budget column.

The Township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. PROPERTY TAX REVENUE RECOGNITION

The Township property tax is levied each December 1 on the taxable value of property located in the Township as of the preceding December 31. Assessed values are established annually by the county and are equalized by the state at an estimated 50 percent of current market value. Real and personal property in the Township for the 2006 levy was assessed and equalized at \$116,771,278, representing 50 percent of estimated current market value. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. Information related to the 2006 tax levy is as follows:

	<u>Millage Rate</u>
Township operations	\$ .8427
Roads	<u>1.3948</u>
 Total Township millage	 <u>\$ 2.2375</u>

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.



COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

I. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - FINANCIAL REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are not considered to be part of the reporting entity for financial statement purposes.

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

The accompanying financial statements of Cohoctah Township as of March 31, 2007, include any and all boards, agencies, funds and account groups under the jurisdiction of the Cohoctah Township Board.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the governmental funds for the year ended March 31, 2007 was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
Land	\$ 588,508	\$	\$	\$ 588,508
Building and improvements	145,135			145,135
Equipment	6,000			6,000
Total capital assets	739,643			739,643
Accumulated depreciation	(30,695)	(3,123)		(33,818)
Governmental activities capital asset, net	<u>\$ 708,948</u>	<u>\$ (3,123)</u>	<u>\$</u>	<u>\$ 705,825</u>

There was \$158,310 of debt outstanding for these capital assets at March 31, 2007. Depreciation expense is being recorded in the government-wide statement of activities based upon the activity utilizing the assets. The Township uses the straight line method to depreciate capital assets over their estimated useful lives.

Depreciation expense was allocated to the following activities:

General government	\$ 400
Fire protection	<u>2,723</u>
Total	<u>\$ 3,123</u>

COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables exist at March 31, 2007. These represent short-term borrowings and amounts owed for reimbursements between other funds. The total interfund receivable and payable balance at March 31, 2007 is \$273.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 46	Trust and agency	\$ 46
General	<u>227</u>	Current tax	<u>227</u>
	<u>\$ 273</u>		<u>\$ 273</u>

**NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks, commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township has adopted an investment policy and its policy and deposits are in accordance with statutory authority.

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 109,258	\$ 109,258
Uninsured and uncollateralized	<u>706,012</u>	<u>707,234</u>
Total	<u>\$ 815,270</u>	<u>\$ 816,492</u>

The carrying amount above includes funds from:

Primary government	\$ 806,974
Fiduciary funds	<u>8,296</u>
Total carrying amount	<u>\$ 815,270</u>

**NOTE 6 - AGREEMENT TO LEASE COHOCTAH TOWNSHIP FIRE SUB-STATION**

Cohoctah Township entered into a lease agreement to lease space to the Howell Area Fire Authority in the Cohoctah Township Fire Sub-station. The Authority is responsible for its operating expenses such as utilities, maintenance and repairs and replacements. Total income from rental operations totaled \$12,000.

COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

**NOTE 7 - GOVERNMENTAL FUND - LONG-TERM DEBT**

Cohoctah Township signed a land contract due to Frederick L. Buckner for the purchase of land for the fire hall. The monthly payment is \$449.41. Interest is charged at a rate of 7% per annum with the loan maturing July 7, 2013.

Cohoctah Township entered into an installment purchase agreement with Chase Leasing in the amount of \$160,000 for the purchase of property for a Township Hall. Interest is charged at 4.47% per annum and the loan matures December 16, 2010.

A summary of this long-term obligation as of March 31, 2007, and transactions during the year then ended are as follows:

	Balance 4/1/06	Increase	Decrease	Balance 3/31/07
Land contract payable land - Fred Buckner	\$ 30,909	\$	\$ 3,335	\$ 27,574
Installment purchase - Chase Leasing	160,000		29,264	130,736
Total	<u>\$ 190,909</u>	<u>\$</u>	<u>\$ 32,599</u>	<u>\$ 158,310</u>

The following is a schedule of principal and interest payments to service the long-term obligations of the township:

	Land Contract Payable - Frederick L. Buckner			Installment Purchase - Land		
	Principal	Interest	Total	Principal	Interest	Total
4/1/2007 - 3/31/2008	\$ 3,576	\$ 1,817	\$ 5,393	\$ 30,572	\$ 5,844	\$ 36,416
4/1/2008 - 3/31/2009	3,834	1,558	5,392	31,939	4,477	36,416
4/1/2009 - 3/31/2010	4,112	1,281	5,393	33,367	3,049	36,416
4/1/2010 - 3/31/2011	4,409	984	5,393	34,858	1,558	36,416
4/1/2011 - 3/31/2012	4,728	665	5,393			
4/1/2012 - 3/31/2013	5,069	323	5,392			
4/1/2013 - 3/31/2014	1,846	29	1,875			
Totals	<u>\$ 27,574</u>	<u>\$ 6,657</u>	<u>\$ 34,231</u>	<u>\$ 130,736</u>	<u>\$ 14,928</u>	<u>\$ 145,664</u>

COHOCTAH TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 8 - CONTINGENCIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 9 - FIRE AUTHORITY WITHDRAWAL

Effective in 2007, Cohoctah Township has withdrawn its participation in the Fowlerville Area Fire Authority. Fire protection for those residents in that district is now being provided by the Howell Area Fire Authority. For its equity share in the Fowlerville Area Fire Authority the Township shall receive \$62,633 over 5 years. Annual principal payments are required with an interest rate of 5.625% on the balance outstanding until maturity in January 2010. Total amount outstanding at March 31, 2007 was \$37,580.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

COHOCTAH TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes - operating	\$	\$	\$ 98,371	\$
Taxes - road			162,825	
Licences and permits			19,593	
State shared revenues			230,890	
Charges for services			161,040	
Interest			7,818	
Miscellaneous			24,593	
Total revenues	695,700	695,700	705,130	9,430
EXPENDITURES				
Township board	52,300	62,800	48,970	13,830
Supervisor	17,010	17,010	16,000	1,010
Election	6,900	6,975	5,607	1,368
Attonery	12,000	12,000	11,172	828
Assessor	31,500	31,500	30,071	1,429
Clerk	22,220	22,220	19,130	3,090
Board of review	1,700	1,700	1,105	595
Treasurer	24,600	24,600	24,216	384
Cemetery	18,700	18,700	12,489	6,211
Buildings and grounds	64,200	64,200	53,553	10,647
Public safety	15,500	15,500	13,863	1,637
Roads	210,000	210,000	182,411	27,589
Plannings and zoning	34,100	34,100	15,968	18,132
Drains at large	14,000	14,000	4,685	9,315
Streetlights	4,500	4,800	4,455	345
Trash pick up	122,000	122,000	120,099	1,901
Recreation	24,512	24,512	12,082	12,430
Library	570	570	569	1
Insurance and bonds	16,000	16,000	11,410	4,590
Unallocated	584,388	584,388	1,178	583,210
Contingencies	69,000	58,125		58,125
Total expenditures	1,345,700	1,345,700	589,033	756,667
Net change in fund balance	(650,000)	(650,000)	116,097	766,097
FUND BALANCE, APRIL 1, 2006	785,798	785,798	785,798	
FUND BALANCE, MARCH 31, 2007	\$ 135,798	\$ 135,798	\$ 901,895	\$ 766,097

SUPPLEMENTARY  
INFORMATION

COHOCTAH TOWNSHIP  
COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
MARCH 31, 2007

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	<u>\$ 1,399</u>	<u>\$ 6,897</u>	<u>\$ 8,296</u>
 <u>LIABILITIES</u>			
Liabilities			
Due to others	\$ 1,172	\$ 6,851	\$ 8,023
Due to other funds	<u>227</u>	<u>46</u>	<u>273</u>
Total liabilities	<u>\$ 1,399</u>	<u>\$ 6,897</u>	<u>\$ 8,296</u>



COHOCTAH TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes - operating	\$	\$	\$ 98,371	\$
Taxes - road			162,825	
Licenses and permits			19,593	
State shared revenues			230,890	
Charges for services			161,040	
Interest			7,818	
Miscellaneous			24,593	
Total revenues	695,700	695,700	705,130	9,430
EXPENDITURES				
Township board	52,300	62,800	48,970	13,830
Supervisor	17,010	17,010	16,000	1,010
Election	6,900	6,975	5,607	1,368
Attorney	12,000	12,000	11,172	828
Assessor	31,500	31,500	30,071	1,429
Clerk	22,220	22,220	19,130	3,090
Board of review	1,700	1,700	1,105	595
Treasurer	24,600	24,600	24,216	384
Cemetery	18,700	18,700	12,489	6,211
Buildings and grounds	64,200	64,200	53,553	10,647
Public safety	15,500	15,500	13,863	1,637
Roads	210,000	210,000	182,411	27,589
Planning and zoning	34,100	34,100	15,968	18,132
Drains at large	14,000	14,000	4,685	9,315
Streetlights	4,500	4,800	4,455	345
Trash pick up	122,000	122,000	120,099	1,901
Recreation	24,512	24,512	12,082	12,430
Library	570	570	569	1
Insurance and bonds	16,000	16,000	11,410	4,590
Unallocated	584,388	584,388	1,178	583,210
Contingencies	69,000	58,125		58,125
Total expenditures	1,345,700	1,345,700	589,033	756,667
Net change in fund balance	(650,000)	(650,000)	116,097	766,097
FUND BALANCE, APRIL 1, 2006	785,798	785,798	785,798	
FUND BALANCE, MARCH 31, 2007	\$ 135,798	\$ 135,798	\$ 901,895	\$ 766,097

COHOCTAH TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES	\$ 98,000	\$ 98,371	\$ 371
ROAD MILLAGE	152,000	162,825	10,825
LICENSES AND PERMITS	8,000	19,593	11,593
STATE SHARED REVENUES	237,000	230,890	(6,110)
CHARGES FOR SERVICES			
Right of Way		4,179	
Trash pick up		110,685	
Fire runs		165	
Other charges for service		1,448	
Administration fees		28,432	
Burial service and cemetery plots		11,123	
Tax collection fees		5,008	
Total charges for services	145,600	161,040	15,440
INTEREST	2,000	7,818	5,818
MISCELLANEOUS			
Solid waste grant		1,700	
Fire Authority dissolution		2,818	
Insurance refund		2,984	
Rent - Fire Hall		12,000	
Other		5,091	
Total other revenues	53,100	24,593	(28,507)
Total revenues	\$ 695,700	\$ 705,130	\$ 9,430

COHOCTAH TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Fees	\$	\$ 4,000	\$
Secretary wages		8,694	
Supplies		2,270	
Contracted services		7,292	
Newsletter		1,392	
Conferences		1,306	
Publishing		10,485	
Dues		2,167	
Other		6,514	
Audit fees		4,850	
	<u>62,800</u>	<u>48,970</u>	<u>13,830</u>
Total township board			
SUPERVISOR			
Salary	<u>17,010</u>	<u>16,000</u>	<u>1,010</u>
ELECTION			
Fees		3,408	
Supplies		796	
Repairs and maintenance		1,000	
Publishing		403	
	<u>6,975</u>	<u>5,607</u>	<u>1,368</u>
Total election			
ATTORNEY	<u>12,000</u>	<u>11,172</u>	<u>828</u>
ASSESSOR			
Contracted services		27,800	
Supplies		2,271	
	<u>31,500</u>	<u>30,071</u>	<u>1,429</u>
Total assessor			
CLERK			
Salary		16,000	
Deputy wages		2,059	
Mileage		283	
Supplies		788	
	<u>22,220</u>	<u>19,130</u>	<u>3,090</u>
Total clerk			

COHOCTAH TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Fees		832	
Publishing		273	
Total board of review	1,700	1,105	595
TREASURER			
Salary		16,000	
Deputy		2,509	
Mileage		689	
Supplies		2,182	
Contracted services		2,836	
Total treasurer	24,600	24,216	384
CEMETERY			
Clerical wages		101	
Improvements		60	
Lawn care		6,600	
Grave opening		5,156	
Repair and maintenance		572	
Total cemetery	18,700	12,489	6,211
BUILDINGS AND GROUNDS			
Wages		1,290	
Supplies		247	
Telephone		2,960	
Utilities		2,520	
Repairs and maintenance		952	
Lawn care		3,380	
Engineer		3,588	
Office remodeling		2,200	
Debt repayment - principal		29,264	
Debt repayment - interest		7,152	
Total buildings and grounds	64,200	53,553	10,647

COHOCTAH TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY -FIRE			
Fire Hall improvements		8,470	
Debt repayment - principal		3,335	
Debt repayment - interest		2,058	
Total public safety - fire	15,500	13,863	1,637
ROADS			
Road - repairs and maintenance		64,893	
Dust control		117,518	
Total roads	210,000	182,411	27,589
PLANNING AND ZONING			
Wages		8,375	
Fees		2,644	
Mileage		763	
Supplies		1,022	
Publishing		3,164	
Total planning and zoning	34,100	15,968	18,132
DRAINS AT LARGE	14,000	4,685	9,315
STREETLIGHTS	4,800	4,455	345
TRASH PICK UP	122,000	120,099	1,901
RECREATION			
Improvements		1,111	
Maintenance		5,953	
Recreation		2,901	
Community promotion		1,394	
Wages		493	
Utilities		230	
Total recreation	24,512	12,082	12,430
LIBRARY	570	569	1
INSURANCE AND BONDS	16,000	11,410	4,590
UNALLOCATED	584,388	1,178	583,210
CONTINGENCIES	58,125		58,125
Total expenditures	<u>\$ 1,345,700</u>	<u>\$ 589,033</u>	<u>\$ 756,667</u>